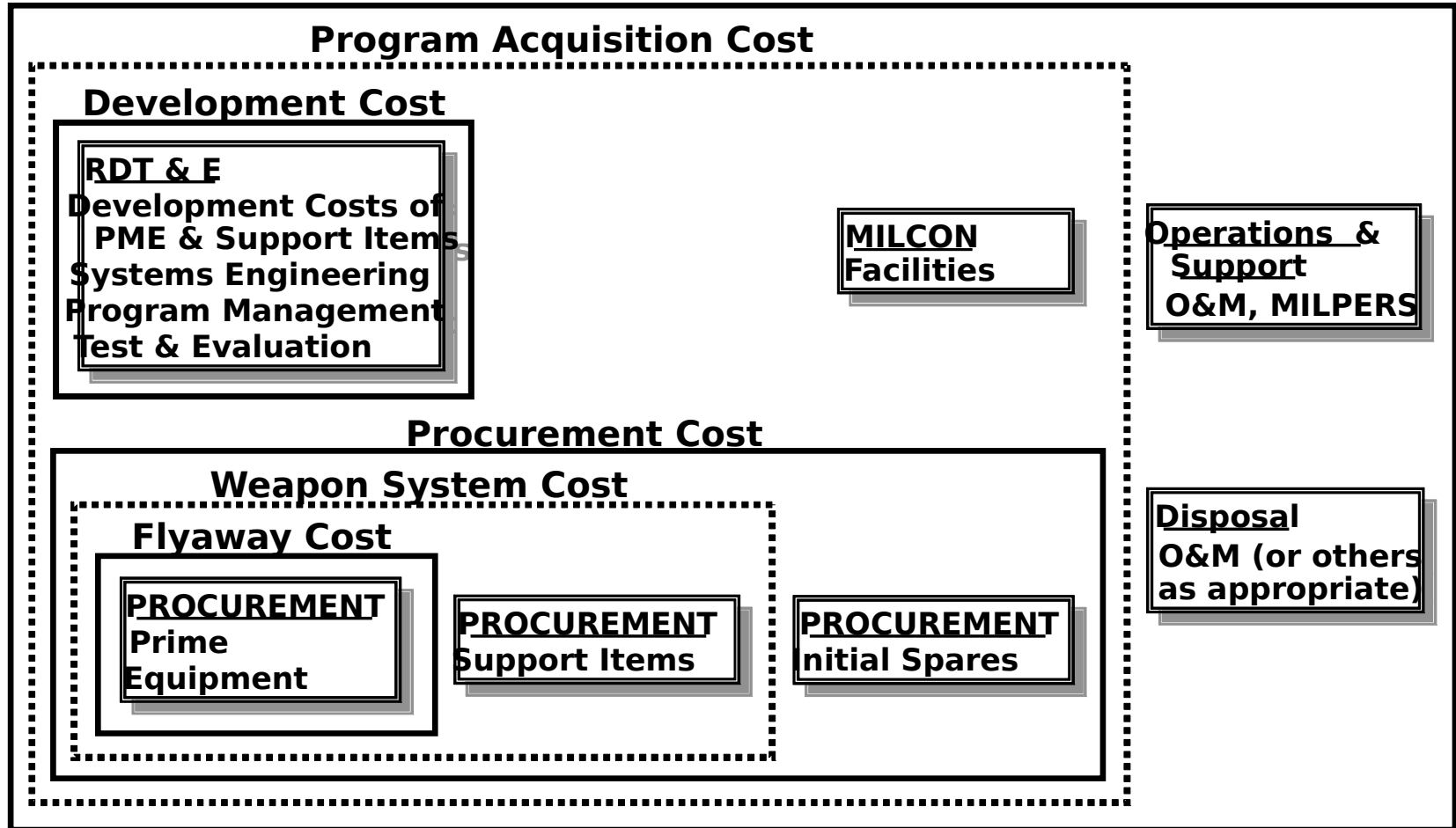


Life Cycle Cost Composition

Life Cycle Cost



Cost Estimating Requirements

ACAT IC & ID

ACAT IA

POE

Program initiation & all subsequent milestones, including FRP DR

Program initiation & all subsequent milestones

- Includes Economic Analysis

CARD

Required same as ICE or CCA

- Draft 180 days prior to OIPT/milestone**
- Final 45 days prior to OIPT/milestone**

Required same as CCA

- Draft 180 days prior to OIPT/milestone**
- Final 45 days prior to OIPT/milestone**

CCA

Usually serves as ICE for ACAT IC programs

- Prepared by component cost agency (AFCAA, DASA-CE, NCCA)**
- Program initiation & all subsequent milestones including FRP DR**
- Prepared at MDA discretion for other programs**

Program initiation & whenever Economic Analysis is required

ICE

Required by law for all MDAP programs *

- Prepared by OSD CAIG for ACAT ID and ACAT IC at discretion of USD (AT&L)**
- Program initiation & all subsequent milestones including FRP DR**

***ICE statutory requirement (Title 10, US Code, Sec 2434)**

Source: DoDI 5000.2

As of: Jul 07

ACAT II & ACAT III: POE (and CCA at MDA discretion) at program initiation and all subsequent milestones

Acronym Legend

AFCAA = Air Force Cost Analysis Agency
CAIG = Cost Analysis Improvement Group
CARD = Cost Analysis Requirements Description
CCA = Component Cost Analysis
DASA-CE = Dep Asst Sec of Army (Cost & Economics)

FRP DR = Full Rate Production Decision Review
ICE = Independent Cost Estimate
MDA = Milestone Decision Authority
MDAP = Major Defense Acquisition Program
NCCA = Naval Center for Cost Analysis

OIPT = Overarching Integrated Product Team
POE = Program Office Estimate
USD(AT&L) = Under Secretary of Defense (Acquisition, Technology, & Logistics)

Program Cost and Schedule Breach

Parameters

Applicable to Major Defense Acquisition Programs (MDAPs)

	SAR (Title 10, US Code, Sec 2432)	Unit Cost Report (UCR) (Title 10, US Code, Sec 2433) (Nunn-McCurdy)	APB (Title 10, US Code, Sec 2435)
Schedule Milestones	6 Month Slip From Previous SAR	N/A	Slip beyond threshold date * <i>Default threshold = objective plus 6 mon; MDA discretion</i>
Cost	15/30% PAUC Growth (Current/Original)	15/30% PAUC Growth (Current/Original)	15%/30% PAUC Growth 15%/30% APUC (Current/Original)
	15/30% APUC Growth (Current/Original)	15/30% APUC Growth (Current/Original)	* RDT&E Growth * Procurement Growth * MilCon or O&M Growth * <i>10% default; MDA discretion</i>
Reports Required if Breach Occurs	Quarterly SAR	Quarterly/Exception DAES Service notifies Congress ($\geq 15/30\%$) SecDef Certification ($\geq 25/50\%$)	Program Deviation Rpt (PM notifies MDA)

ACAT II & III 15%/30% PAUC/APUC APB breach parameters are N/A; actual breach parameters at MDA discretion

Legend :

APUC = Average Procurement Unit Cost APB = Acquisition Program Baseline
PAUC = Program Acquisition Unit Cost SAR = Selected Acquisition Report
DAES = Defense Acquisition Executive Summary

Significant Cost Growth (APB/SAR/UCR)

PAUC or APUC increases of 15% of current baseline or 30% of original baseline is "reportable" to Congress

Critical Cost Growth (APB/SAR/UCR)

PAUC or APUC increases of 25% of current baseline or 50% of original baseline requires Sec Def certification to Congress:

- Essential to National Defense
- No alternatives
- Cost are under control
- Management is in place to keep costs under control

PPBE - Planning Phase

SEP

DEC

MAR

APR/MAY

1st Year

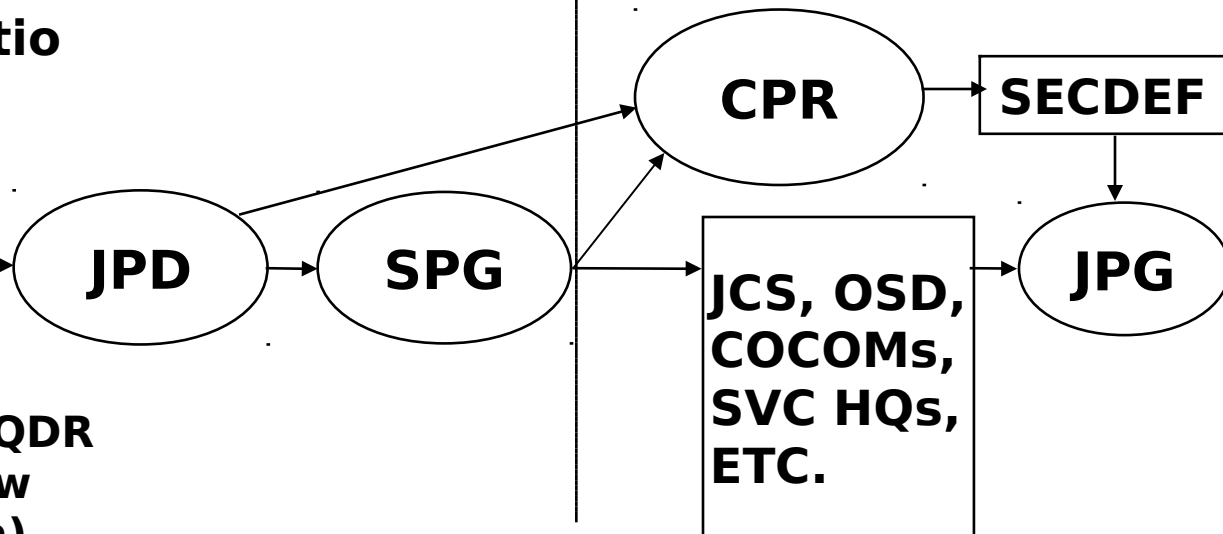
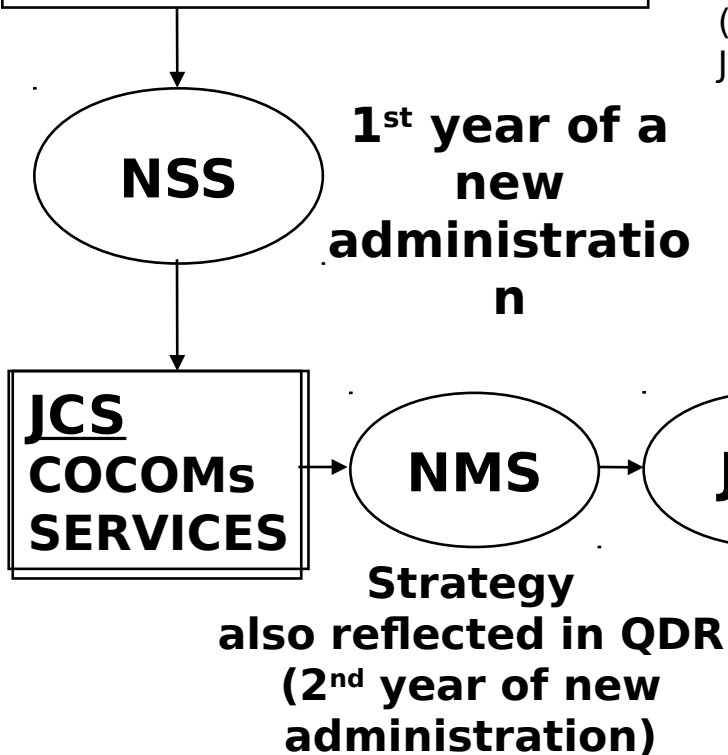
2nd Year

President
National Security Council
CIA/DIA/JCS/OSD

Notes

SPG replaces Draft
Defense
Planning Guidance
(DPG)
JPG replaces DPG

COCOM - Combatant Commander
CPR - Chairman's Pgm Recommendation
JCS - Joint Chiefs of Staff
JPD - Joint Planning Document
JPG - Joint Programming Guidance
NSS - National Security Strategy
NMS - National Military Strategy
QDR - Quadrennial Defense Review
SPG - Strategic Planning Guidance



PPBE - Concurrent Program/Budget

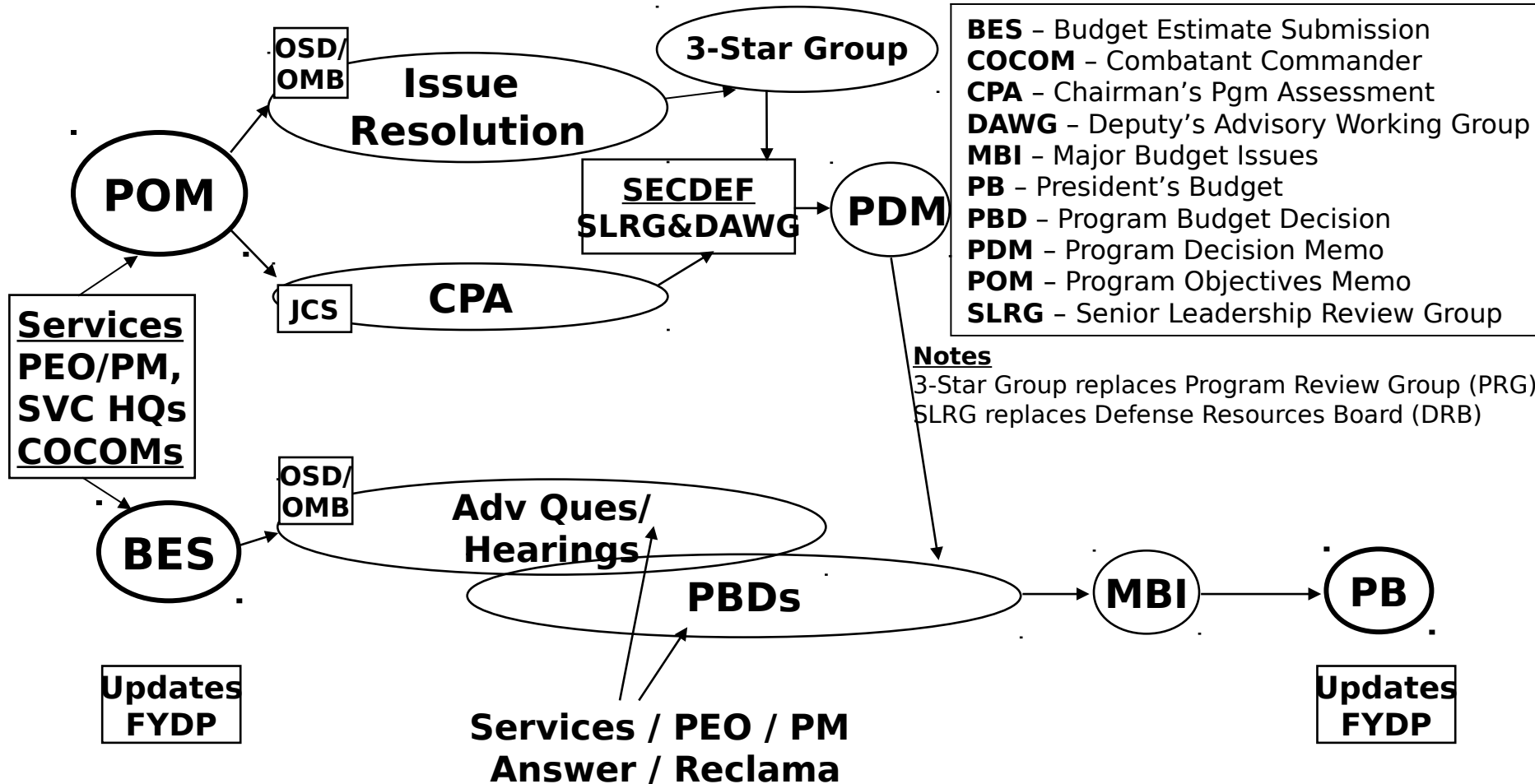
AUG

OCT

Review Nov

DEC

JAN/FEB



PPBE - Off-Year Program/Budget Review

FY09-13 (Aug 07 - Feb 08)

- No POM submission
- Focus priority on FY09
- Program of record remains FY08 PB
- Minimize programmatic changes
- Change Proposal (CP) is vehicle to request changes to program of record
- No FYDP update until FY09 PB
- Complete BES submission provided to OUSD (C) must incorporate all baseline changes
- Program/Budget Review Process
 - 3-Star Group oversees CP review
 - DAWG considers major issues and advises SECDEF
 - Budget issues reviewed & coordinated through PBD process
 - SECDEF makes final resource decisions
 - Approved changes & decisions documented in PDMs & PBDs

Resource Allocation Process

	CY07												CY08												CY09																	
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D						
FY07																																										
	Execution												2nd Yr												3rd Yr																	
	FY07 and prior																																									
FY08	/ Enactment												Execution												2nd Yr						3rd											
	↑ PB FY08						FY08 and prior																		Yr																	
FY09	Planning/ ~~Program/Budgeting~~												/ Enactment												Execution						2nd											
	FY09-13 FY 09-13 “Change SPG/JPG Proposals”												↑ PB FY09												FY09 and prior																	
FY10	Planning												/ ~~Program/Budgeting~~												/ Enactment						Exec											
	FY 10-15												SPG/JPG FY 10-15 POM FY 10-11 BES												↑ PB FY10						FY10 & prior											
FY11													Planning												/ ~~Program/Budgeting~~																	
																									FY 11-15 SPG/JPG						FY 11-15 “Change Proposals”											

SPG - Strategic Planning Guidance
BOM - Budget Objectives Memorandum
S - Submission

JPG - Joint Programming
BES - Budget Estimate

Congressional Enactment Timetable

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
			OCT		15	15				
			PRES							
			BUDGE							
			T	COMMITTEE						
				INPUTS						
					FLOOR					
BUDGET RESOLUTION	HOUSE		HRNGS	MARKS						
			FLOOR							
					CON	RESOLUTIO				
	SENATE		HRNGS	MARKS	F	N				
			FLOOR		FLOOR					
AUTHORIZATION	HOUSE		HASC	HRNGS	MARK-UP		BILL / RPT			
			FLOOR				FLOOR			
							CON			ACT
	SENATE		SASC	HRNGS	MARK-UP		F			^
			FLOOR				/RPT	FLOOR		
							BILL / RPT			
APPROPRIATION	HOUSE		HAC	HRNGS	MARK-UP		BILL / RPT			
			FLOOR				FLOOR			
							CON			ACT
	SENATE		SAC	HRNGS	MARK-UP		F			
			FLOOR				/RPT	FLOOR		
							BILL / RPT			^

Below Threshold

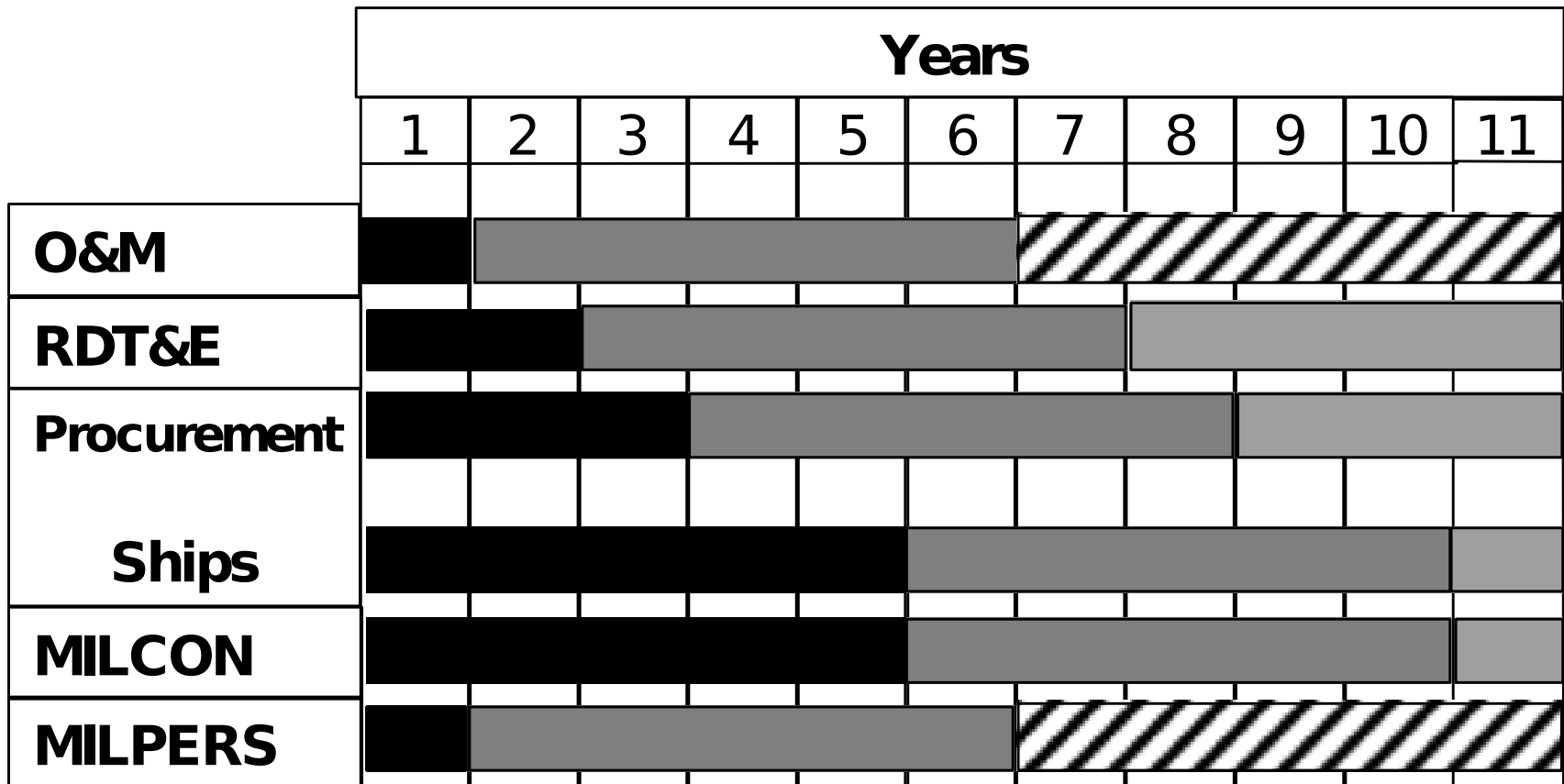
Amounts are Cumulative Over Entire Period of Obligation Availability

Reprogramming

APPRN	CONTROL OBL	MAX INTO	MAX OUT	LEVEL OF
RDT & E	+ \$10 M	Lesser of - \$10 M or - 20%	Program Element	2 Years
PROC	+ \$20 M	Lesser of - \$20 M or - 20%	Line Item	3 Years SCN: 5 Years
O & M	+ \$15 M	None , unless otherwise specified	Budget Activity (or Defense Agency) Some BA 1 Sub-Activity Limitations on Decreases (Operating Forces)	1 Year
MILPERS	+ \$10 M	No Specific Congressional	Budget Activity	1 Year
MILCON	Lessor of + \$2 M	No Specific Restriction Congressional	Project	5 Years

Reference Source: USD (C) Memo: SUBJECT: FY 2006 Below Threshold
Reprogramming Authority Policy, 10 Feb 2006

Appropriation Life



Current Period: Available for new obligations, obligation adjustments, expenditures, and outlays



Expired Period: Available for obligation adjustments, expenditures, and outlays



Cancelled: Unavailable for obligations, obligation adjustments, expenditures, and outlays